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guide notes

Government
Publications

Motor Fuels and Tobacco Tax Branch

Fuel Tax Refund Rulings

III REFUND OF TAX ON CLEAR FUEL USED IN MARINE CRAFT RENTED BY MARINAS OR TOURIST RESORT OPERATORS

Background:

Tax refunds are paid on clear fuel used in unlicensed equipment operated in a business, an industry or an institution. The Fuel Tax Act, 1981, disallows refund of tax on fuel consumed in marine craft used for the recreation of its owner or operator.

Ruling:

Although in the operation of marinas and tourist resorts, most marine craft are used for recreational purposes, tax refunds are allowed on fuel consumed in rented boats, if the following conditions are met:

- the marina or tourist resort operator supplies the fuel consumed in the rented boats;
- the fuel costs are included as part of the overall boat rental fee; and
- fuel costs are not billed separately on an invoice or shown as a separate item on the rental contract.

Under no circumstances will tax be refunded on fuel used in marine craft operated by owners for their recreation.

Claimants must maintain records of fuel disbursements to all motor boats, including boats under rental contracts, to support their claims. Also, records must be retained by claimants for five years for audit purposes.



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